



HOUSE OF REPRESENTATIVES

HB 2536

fine art; TPT exemption

Prime Sponsor: Representative Ugenti-Rita, LD 23

DPA Committee on Ways and Means

DP Committee on Appropriations

DPA Caucus and COW

X Transmitted to the Governor

OVERVIEW

HB 2536 exempts the sale of fine art at an auction or gallery to a nonresident, for use outside the state, from transaction privilege tax (TPT).

PROVISIONS

1. Exempts the sale of works of fine art at an art auction or gallery to a nonresident, for use outside the state, from TPT.
2. Specifies that the vendor must deliver the work of fine art to a destination outside the state in order to qualify for TPT.
3. Contains a delayed effective date of the first day of the month in the taxable period following the general effective date.

CURRENT LAW

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. Business activities subject to TPT include, but are not limited to: retail, restaurants and bars, hotel/motel, commercial leasing, advertising, amusements, personal property rentals, real property rentals, construction/contracting, owner/builders, manufactured building, mining, timbering, transportation, printing, publishing, utilities, communications, air/railroad, and private cars/pipelines. The current Arizona TPT rate is 5.6%. DOR collects TPT and administers distribution to the state General Fund and counties, cities and towns.

A.R.S. §44-1771 defines *work of fine art* as an original or multiple original art work which is:

- a. A visual rendition, including a painting, drawing, sculpture, mosaic or photograph.
- b. A work of calligraphy.
- c. A work of graphic art, including etching, lithograph, offset print or silk screen.
- d. A craft work in material, including, clay, textile, fiber, wood, metal, plastic or glass.
- e. A work in mixed media, including a collage or a work consisting of any combination of previously listed.